BEFORE THE IDAHO BOARD OF TAX APPEALS

JAKE AND ERICA UPHAM, Appellants, v. ADA COUNTY, Respondent.	APPEAL NO. 25-A-1018 FINAL DECISION AND ORDER

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Ada County Board of Equalization modifying the valuation for taxing purposes on property described by Parcel No. R3179070320. The appeal concerns the 2025 tax year.

This matter came on for hearing October 21, 2025, in Boise, Idaho, before Board Member Leland Heinrich. Appraiser Ross Park represented Appellants at hearing. Ada County Chief Deputy Assessor Brad Smith represented Respondent.

Board Members Kenneth Nuhn and Doug Wallis join in issuing this decision.

The issue on appeal concerns the market value of an improved commercial property.

The decision of the Ada County Board of Equalization is affirmed.

FINDINGS OF FACT

The original assessed land value was $6,800 and the improvements' valuation was $341,600, totaling $348,400. The Ada County Board of Equalization (BOE) reduced the value of the improvements to $280,100, with no change to the $6,800 land value, for a total assessed value of $286,900. Appellants contend the correct total value is $270,000.

The subject property is one (1) of twenty (20) condominium storage units comprising the Go To My Garage storage complex located in Boise, Idaho. The subject unit, constructed in 2020, is 1,278 square feet in size, with 325 square feet of space in the loft or mezzanine area. It was noted all units in the development include a one-half (½) bathroom and utility sink and a 325 square foot loft.

Appellants viewed subject's assessed value as excessive and contended recent market activity supported a lower valuation. In this regard, Appellants emphasized the October 2024 sale of a 1,186 square foot unit in subject's complex. The seller reportedly self-marketed the unit for approximately four (4) months with an asking price of $330,000. According to Appellants, five (5) other owners in the complex expressed interest in purchasing the unit, but not at the asking price. Ultimately, the unit sold for $260,000 to an outside buyer. In Appellants' opinion, this sale was the best indication of subject's market value, as it was located in the same storage complex and enjoys the same amenities.

Respondent disagreed the above-referenced sale was a market transaction. As stated in an email from the purchaser's agent to Respondent, "this [sale] was an off market [sic] deal between two owners that knew each other." Respondent was further skeptical that the seller's marketing or advertising of the unit to the other nineteen (19) owners in the complex was adequate exposure to the market, particularly compared to the exposure typically associated with a property listed on the open market, such as through the Multiple Listing Service (MLS). Given these concerns, and the fact there were dozens of other storage condominium sales in the county during 2024, Respondent felt the sale from subject's complex should be excluded from the analysis.

Appellants additionally provided an independent appraisal of the subject property prepared by a local appraisal firm with a June 17, 2025, effective date of valuation. The appraisal excluded subject's mezzanine area from the gross building area, so evaluated subject as a 1,278 square foot unit. Eight (8) storage condominium sales from 2024 and 2025 were considered, including the sale from subject's complex. The sale units were constructed between 2006 and 2023 and varied in size from 675 to 1,200 square feet. Sale prices ranged from $95,000 to $265,000, or from roughly $141 to $221 per square foot. The appraisal made no quantitative adjustments to the sales for differences in property characteristics compared to the subject property, evaluating the sales instead on a qualitative basis, which placed subject near the middle of the group. The analysis concluded a value for subject of $211 per square foot.

Respondent challenged the appraisal's exclusion of subject's mezzanine space from the calculation of gross building area. Appellants acknowledged mezzanine space could contribute value to certain users but contended it is not widely desired in the local marketplace. It was noted most storage condominiums do not include mezzanines as standard, which, in Appellants' opinion, suggested the market does not prioritize the space. Appellants characterized subject's mezzanine as more of a detriment than a benefit, due to the reduced ceiling height under the mezzanine space. Appellants agreed with the appraisal's approach of removing the mezzanine space from the gross building area.

Respondent disagreed, noting subject's mezzanine has been fully enclosed with three (3) windows overlooking the lower level. According to the photographs, subject's mezzanine is used as an office and parts storage area, which Respondent argued contributed value to the property. Respondent also provided a copy of a recent building permit for a 312 square foot prefabricated mezzanine in another condominium complex with roughly $138 per square foot in hard costs for the construction. Respondent additionally shared promotional materials from competing storage condominium projects offering installation of a mezzanine amenity, among other amenities, as an optional add-on to the purchase of a unit. This, in Respondent's view, was strong evidence mezzanines add to the overall value of a property.

Concerning subject's valuation, Respondent began with an explanation of the BOE's decision to reduce subject's assessed value to $286,900. In the initial valuation, Respondent valued subject's mezzanine area, as well as the mezzanines in all units in the complex, at the same rate as the main floor square footage. As the valuation of the mezzanine area was the primary point of contention raised by the owners in the complex leading up to the BOE process, Respondent agreed to discount the mezzanine space by 66%, or $46,500. Respondent was also made aware of a soil settling problem impacting the facility with an estimated cost to cure from $70,000 to $100,000, or from $3,500 to $5,000 per unit. To account for this issue, Respondent applied a $15,000 adjustment to each unit. Lastly, Respondent made a $5,000 downward adjustment for those units in the development with no air conditioning. In all, subject's original assessed value of $348,400, or $217 per square foot, was reduced by $61,500, resulting in the current valuation of $286,900, or $179 per square foot. All units in the complex were assessed in like fashion.

Respondent next provided a qualitative comparison between the subject facility and seven (7) other storage condominium projects in the county. It was noted units in subject's complex include a one-half (½) bathroom, a heavy-duty utility sink, and a 325 square foot mezzanine as standard features, whereas such amenities are not standard in the competing facilities. The other complexes were noted to have several common amenities shared by all the owners, such as a clubhouse room, shared bathroom and/or shower facilities, and an Air Station. Respondent shared information on roughly seventy (70) total condominium sales that were used to assess units in each storage complex. Respondent reported average assessed values for the competing facilities from $147 to $232 per square foot. Despite being evaluated as one of the most desirable complexes in Respondent's qualitative analysis, the average assessed value of $179[1] per square foot across subject's complex was near the bottom. Respondent maintained subject's assessed value was fair and reasonable.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2025, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

> "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed,

[1] Though all units in subject's complex were assessed uniformly, there were minor differences in valuation due to small variances in gross building area and whether a particular unit was equipped air-conditioning.

capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. The sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *Merris v. Ada Cnty*., 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

The two (2) primary sources of disagreement between the parties were the proper amount of consideration to afford the sale from subject's complex in determining the value of the subject property, and whether subject's mezzanine space contributes to the overall market value. Starting with the sale from subject's storage complex, Appellants regarded the sale as a valid market value transaction. And because of its overall similarity, Appellants contended it was the most relevant sale for valuing the subject property. Respondent did not consider the transaction a market value sale and argued it should be excluded.

The Board is inclined to agree with Respondent's characterization of the sale. In an email sent to Respondent, the buyer's agent stated the sale was "an off market deal between two owners that knew each other." Of course, the fact that the parties to the transaction knew each other does not necessarily mean the sale price was not at market level, but a prior relationship does bring into question the arm's-length nature of the transaction. Additional sales from subject's storage complex could shed light on whether the sale at issue was at market; however, in the absence of such data and answers to the lingering questions, it is prudent, in the Board's opinion, to not place much emphasis on the sale, particularly given the plentitude of additional sales data in the record.

Even if there were no questions concerning the sale from subject's complex, it is simply a single sale so represents just one (1) of many data points in the local storage condominium market. The Idaho Supreme Court has long observed, "'[M]arket value' cannot be established by a single arm's length transaction in which a unique property . . . is sold for cash . . . 'market value' becomes an important standard of measurement in the valuation of property only after there have been numerous sales or exchanges of similar property." *Janss Corp. v. Bd. of Equalization of Blaine Cnty.*, 93 Idaho 928, 931, 478 P.2d 878, 881 (1970). So, even if the sale was found to be a valid market transaction, it would be inappropriate to rely on that sale alone to determine subject's value.

The parties' other primary disagreement centered on the proper valuation treatment of subject's mezzanine. Appellants contended the mezzanine space contributed no value and suggested it may actually diminish subject's value because the mezzanine would need to be removed in order to park a large RV or bus in the unit. The Board agrees mezzanine space may not be desired by all potential buyers, but it is difficult to accept the position that mezzanine space contributes no value or may even negatively impact market value, particularly in the case of the subject property. Subject's mezzanine is not a flat, open platform. Rather, it is a fully enclosed office and storage space with three (3) large windows overlooking the ground floor. The mezzanine space provides opportunities for additional uses of the unit, thereby increasing subject's utility, not diminishing it. Clearly, Appellants have found a beneficial use of subject's mezzanine, as it is actively being used.

At the very least, subject's mezzanine is an amenity that increases the amount of usable space in the unit from 1,278 square feet to 1,603 square feet, an increase of approximately 25%. The developer of subject's complex evidently believed there was value in mezzanine space, as it would be illogical to expend the extra time and cost to build a mezzanine in each unit if such efforts would not enhance value. Further, as evidenced by the building permit shared by Respondent, the cost to install a prefabricated mezzanine similar in size to subject's mezzanine is not insignificant, at $138 per square foot. While the mezzanine may not contribute value at the same rate per-square-foot as subject's main floor, as is common in multi-story buildings, the Board was not persuaded subject's mezzanine is worthless.

Against this backdrop, there were some concerns with the appraisal report proffered by Appellants. First, the appraisal excluded subject's mezzanine completely from the calculation of gross building area, thereby attributing zero value to the space. In the Board's view, the more appropriate appraisal technique would be to adjust the comparable sales for their lack of a mezzanine amenity, not to ignore subject's mezzanine altogether. The fact is, subject's mezzanine space exists and it is actually being used, so it should be a factor in the valuation.

Another issue was the appraisal's inclusion of four (4) sales which transpired during 2025, representing one-half (½) of all the sales in the report. The date of valuation in this appeal is January 1, 2025. Establishing a value as of a particular date is necessarily dependent on sales and market data in existence as of that date, as information from beyond such date is not available to market participants at the time. In other words, the 2025 sales are untimely for purposes of establishing subject's market value on January 1 and should therefore be excluded from the analysis.

Interestingly, the average price of the appraisal report's 2025 sales was $187 per square foot, whereas the average price rate for the 2024 sales was higher, at $207 per square foot. The 2024 sales, however, included a $170 per square foot sale from a storage complex both parties agreed was vastly inferior to subject's facility. Removing this sale from the 2024 group yields an average price rate of $220 per square foot, which is appreciably higher than the $211 per square foot rate the appraisal concluded for the subject property. It is also noteworthy that applying the average $220 per square foot to subject's main floor area, the methodology advocated by the appraisal, calculates to a value of $281,161, which closely approximates the assessed value of $286,900. So, even the appraisal's 2024 sales data was supportive of subject's assessed value.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of establishing subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied. There were too many questions regarding the arm's-length nature of sale from subject's storage complex to place much weight on that data point, and the Board disagreed with the appraisal's exclusion of subject's mezzanine space entirely from the analysis. Given the sales data and the adjustments Respondent applied to the subject property, and all units in the complex, the Board found subject's assessed value reasonable.

The decision of the Ada County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 12th day of January, 2026.